

Message Text

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PAGE 01 STATE 013071
ORIGIN EUR-12

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APPROVED BY EUR/SE: NCLEDSKY
H: RPUGH (SUBSTANCE)
-----200331Z 107014 /64

P 192329Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
INFO AMCONSUL ISTANBUL PRIORITY
AMCONSUL IZMIR

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E.O. 11652: N/A

TAGS: BDIS, TU

SUBJECT: LIGGETT AND MYERS APPROACH TO TURKISH GOVERNMENT
TO FREE BLOCKED FUNDS

1. ARTHUR E. SLOAT, PRESIDENT OF LIGGETT AND MYERS TOBACCO
COMPANY AND DAVID M. WELSH, V.P., CALLED AT DEPARTMENT
JANUARY 19 TO REQUEST DEPARTMENT AND EMBASSY ASSISTANCE IN
RESOLVING FOLLOWING PROBLEM WITH TURKISH GOVERNMENT.

2. L AND M, THROUGH ITS TURKISH BUYER GARY TOBACCO OF IZMIR
HAS FOR PAST THREE YEARS GENERATED DOLLAR FUNDS IN TURKEY
CREATED BY THE DIFFERENCE BETWEEN LOCAL TOBACCO PURCHASE
COSTS AND THE OFFICIAL TOBACCO EXPORT PRICE. THE TURKISH
GOVERNMENT AT FIRST PLACED THESE FUNDS IN A BLOCKED ACCOUNT
AND LATER IMPOSED A 42 PERCENT PROFIT TAX. L AND M PAID
THE TAX, AMOUNTING TO DOLS 1.3 MILLION, UNDER PROTEST
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ARGUING THAT GARY TOBACCO OPERATES AS A NON-PROFIT ENTITY
WITH ALL COSTS OF OPERATION AND TOBACCO PURCHASES FUNDED
BY PARENT FIRM. AT PRESENT DOLS 2 MILLION REMAINS IN THE
FUND. GOT RECENTLY ALLOWED GARY TO USE TL EQUIVALENT FROM
THIS FUND FOR LOCAL TOBACCO PURCHASES, BUT THE LARGER PART
OF THIS FUND REMAINS UNUSED, IS NOT EARNING INTEREST, AND
IS NOT BENEFITTING EITHER L AND M OR TURKEY. L AND M WOULD

LIKE TO PUT THIS FUND TO BETTER USE BY PURCHASING OTHER

TURKISH PRODUCTS SUCH AS VODKA FOR EXPORT TO THE U.S.

3. SLOAT AND WELSH PLAN TO ARRIVE ANKARA AT 6:20 P.M. TUESDAY, JAN 25 AFTER OVERNIGHT STOP AT ISTANBUL. THEY WISH TO MEET WITH EMBASSY OFFICERS ON WEDNESDAY, JAN 26 ACCOMPANIED BY JOHN RINGSDORF OF GARY TO DETERMINE WHAT APPROACH SHOULD BE MADE TO THE TURKISH GOVERNMENT. NO APPOINTMENTS WILL BE REQUESTED WITH TURKISH OFFICIALS UNTIL MEETING AT EMBASSY. SLOAT AND WELSH PLAN TO REMAIN IN ANKARA UNTIL THURSDAY EVENING, JAN 27, LEAVING FOR IZMIR AT 7:40 P.M. THEY WILL REMAIN IN IZMIR UNTIL 2:50 P.M. FRIDAY, JAN 28. SLOAT AND WELSH HAVE RESERVATIONS FOR INTERCONTINENTAL IN ISTANBUL, BUYUK HOTEL ANKARA, AND BUYUK EFES, IZMIR.

4. SENATOR ROBERT B. MORGAN (DEM-N. CAROLINA) TELEPHONED DEPARTMENT TO EXPRESS INTEREST IN THIS CASE AND THE HOPE THAT HIS INTEREST AND PAST SUPPORT FOR TURKEY COULD BE TAKEN INTO ACCOUNT BY THE TURKS.
KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE013071
Document Source: CORE
Document Unique ID: 00
Drafter: RRDELABARRE:RAH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770020-1068
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770135/aaaabexh.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:38:59 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
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Review Withdrawn Fields: n/a
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